Petrobras' strategy for contracting the Brazilian drilling rigs

PLAN A

 To bid among regular drilling services contractors, offering a 10-year charter/services contract, but including a provision demanding the drilling rig construction in Brazilian shipyards

PLAN B

 To create a finance structure, initially associating Petrobras with Finance Investors, which will contract the drilling rigs construction in Brazilian shipyards, but eventually transferring Petrobras' shares to pre selected traditional drilling operators

Both bid processes will be run in parallel and will end simultaneously, allowing Petrobras to arbitrate by comparing charter daily rates from each alternative. Petrobras may choose the drilling rigs from the best PLAN or even to contract rigs from both options.

Finance Structure Requirements

- To make the Project feasible the structure must:
 - comply with the premise of constructing the rigs in Brazilian shipyards;
 - require charter daily rates within international market parameters;
 - be bankable;
 - transfer drilling rigs ownership to drilling contractors;
 - attract interest from market regular players (drilling contractors, etc.);
 - be off balance sheet and non recourse to Petrobras.
- To reach such goals, the structure incorporates several features:
 - increase the tenor of the financing and its duration;
 - charter contract tenor detached from financing amortization schedule;
 - · drilling rigs construction under Petrobras' permanent supervision;
 - risks mitigation enhancements, specially for rigs operation phase.

The structure shall enable the creation of a new and soundness market for drilling units in Brazil, including construction, operation and investments, with the participation of new "Stakeholders"

Main Players Objectives - Petrobras and Brazilian Government

All Players were identified and their main objectives identified to be satisfied

PETROBRAS

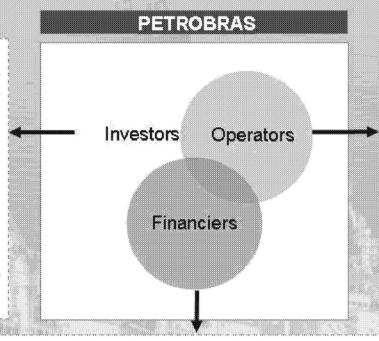
 To ensure the availability of its demand for drilling rigs for Pre Salt application, minimizing charter costs and associated risks

GOVERNMENT

 To make use of Petrobras' huge drilling rigs orders for promoting the creation of a new, modern and competitive naval industry in Brazil

Benefits to Project Potential Players

- Downward interest rates scenario in Brazil provides the required incentive for Brazilian investors to evaluate new business opportunities
- Opportunity to participate in projects that may provide higher expectation of ROCE
- Explore "new business opportunities" together with Petrobras.
- Brazilian Pension Funds become natural and important investors targets

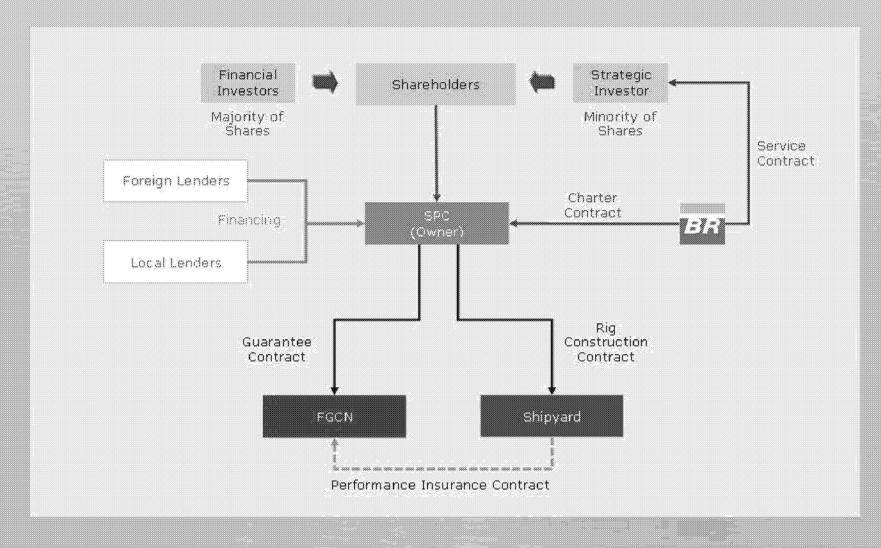


- Natural interest in this business. niche.
- Although interest maybe high, involved risks may impair their participation, which can be resolved by Petrobras' structure and strategy
- Some have limited capacity to develop a large number of project simultaneously
- Unique opportunity to participate in multiple projects in one shot
- Brazilian local operators, whereas experience proof and reliable, become natural targets
- Other international reliable operators may also participate
- BNDES will have an important and leading role for financing rigs construction, taking most of the long term debt,
- FGCN will reduce the construction risks perception and may enhance a higher interest from other potential financing entities. including ECAs;
- PRE SALT is attracting global recognition and calling attention from local and international financial investors and debt providers;
- Extra interest from other potential investors > to participate together with Petrobras in the creation of a new business niche

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The Basic Structure for Each Drilling Unit



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